

FISCAL NOTE

Bill #: SB0018

Title: Agricultural Commodity Research
And Market Development Enabling
Act

**Primary
Sponsor:** Linda Nelson

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
State Special Revenue	\$2,053	\$2,053
Revenue:		
State Special Revenue	\$2,053	\$2,053
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. Alternative agricultural commodity groups such as growers of peas, beans, canola, safflower, and specialty crops can establish research and/or marketing check-off programs for their respective crops by petitioning the department and by favorable vote of their commodity group. The amount of the check-off assessment, and required expenditures and revenues for each specific check-off program, will vary depending on the amount of research and/or marketing services requested by each commodity group, and will be determined at the time a commodity group petitions the department for a check-off program.
2. The department anticipates two commodity groups will petition for check-off programs each fiscal year and that it will incur hearing and referendum costs of \$2,053 per fiscal year. Grants to fund these costs will be applied for from the Montana Growth through Agriculture program.

Hearing & Referendum Cost Calculations Each Fiscal Year

Mileage (one hearing Lewistown & one in Billings)

376 miles rt Lewistown X .213 per mile = \$ 81

448 miles rt Billings X .213per mile = 96

Per Diem

(\$23 meals x 2days x 3people) X 2 meetings = 276

Lodging

(\$36.40 per night x 3 people) X 2 meetings = 220

Communications

Phone 100

Postage(1000 voters x .64 postage) X 2referendums= 1,280

\$2,053

3. The department will administer each commodity research and marketing program.
4. It can not be determined at this time the number or which commodity groups will petition for check-off programs; therefore, expenditures and revenue for each check-off program can not be estimated at this time. The bill establishes a special revenue account which is statutorily appropriated.
5. It is anticipated that the amount of revenue and expenditures for each alternative crop check-off program will be small since the acreage of most alternative crops is limited at the present time.
6. All check-off assessments will be subject to CI-75.
7. Projected costs and funding are for department operating costs, hearings and commodity referendum only. Check-off expenditures and revenues cannot be estimated at this time. Proposed expenditures will be funded through present law authority using the Growth Through Ag account.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$2,053	\$2,053
<u>Funding:</u>		
State Special Revenue (02) (A/E 02132)	\$2,053	\$2,053

Revenues: Check-off revenues cannot be estimated.

Net Impact to Fund Balance (Revenue minus Expenditure):

State Special Revenue (02) Unable to estimate net check-off fund balance

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain) No.
- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

A state special revenue fund will allow for tracking of Check-off fees collected and ensure these fees are only spent for conducting commodity research and market development programs as provided in SB 18. In addition, SB 18 provides for the creation of an account and providing for expenditure and investment of account funds. If the check-off fees were placed in the general fund, the program could not keep investment income earned on the check-off funds.

- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? ☒ Yes ☐ No (if no, explain)
- d) Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)
- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)

No. However, the use of the Check-off program funds could not be spent on anything other than the activities listed in SB 18.

- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

Yes. The agricultural industry has requested this service from government.

- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

The dedicated revenue provision results in accounting efficiencies and internal control over the check-off revenue and expenditures because it will be separately identifiable. The agricultural industry and department auditors will want to be able to identify how the funds were spent which requires the use of a special revenue account.